

Update on Fleet Reduction and Verification Efforts

September 16, 2003

**Report to the Executive Appropriations Committee
Of the Utah State Legislature**

**Prepared by
The Office of the Legislative Fiscal Analyst**

Kevin Walthers, Lead Analyst

Introduction

In July the Division of Fleet Operations (DFO) provided a memo (Attachment One) certifying that state agencies were in compliance with the legislatively mandated fleet reduction. The memo was sent in compliance with the following intent language:

It is the intent of the Legislature that the Division of Fleet Operations work with the agencies to reduce the size of the fleet, except for vehicles for sworn officers, by five percent by the end of FY 2003. (Item 59 - SB 1, 2002 General Session)

The Legislature fine tuned this mandate during the 2003 Session by approving the following language:

It is the intent of the Legislature that agencies shall comply with the five percent fleet reduction as directed in Senate Bill 1, 2002 General Session through reductions in vehicles scheduled for replacement. It is further the intent of the Legislature that agencies shall not use vehicles classified as "specialty" or "construction" vehicles in meeting the five percent figure. (Item 60 - HB 1, 2003 General Session)

The updated language focused on the fact that the reduction in fleet size was targeted at the ongoing expense of operating a fleet. Agencies operate vehicles that are appropriately counted as part of their “fleet” but in actual use may be more like equipment than a vehicle. Other vehicles are older cars and trucks that are used on campuses for maintenance or are part of a specific grant. These vehicles were already scheduled for elimination, so it makes no sense to count these vehicles as part of an ongoing reduction.

The memo explains that DFO targeted 229 vehicles for reduction and actually reduced 230. However, after the memo was sent an additional three vehicles were added to the count. DFO did not detail, by agency, the percentage target for each agency choosing rather to focus on “an executive branch target.” This meant that the reduction was averaged across the fleet rather than requiring that each agency meet the five percent target. Had every agency been required to reach five percent individually the actual reduction would actually have been higher due to rounding error. However, the Analyst believes that it would have been appropriate for DFO to provide a real time “snapshot” of the database at the time for comparison purposes. Without this snapshot it would be “difficult to duplicate”¹ after the fact and makes it impossible to adequately assess if any agency carried an unusually large share of the burden.

¹ Email from DFO director dated July 30, 2003.

Agencies seemed to contribute according to their fleet size

Lacking the snapshot data, the Analyst assembled the table below to compare overall fleet percentages to agency percentage of the reduction. Although this is not a perfect picture of each agency's contribution, it seems to provide an appropriate gauge in most instances of participation in the reduction.

Agency	Total Fleet	Fleet %	Reduction	Reduction %
Admin Services Daily Pool	183	2.49%	10	4.29%
Administrative Services	146	1.99%	6	2.58%
Agriculture	101	1.38%	1	0.43%
Alcoholic Beverage Control	20	0.27%	2	0.86%
Area Hlth Ed Cntrs	4	0.05%	3	1.29%
Attorney General	34	0.46%	1	0.43%
Board Of Education	46	0.63%		
School/Deaf & Blind	30	0.41%		
Bear River Assc Of Government	1	0.01%		
Board Of Pardons	6	0.08%		
USHE Board Of Regents	1	0.01%		
USHE College Of Eastern Utah	62	0.85%	6	2.58%
USHE Dixie College	50	0.68%	2	0.86%
USHE Salt Lake Community College	116	1.58%	3	1.29%
USHE Snow College	44	0.60%	3	1.29%
USHE Southern Utah University	127	1.73%	5	2.15%
USHE University Of Utah	470	6.41%	20	8.58%
USHE Utah College Of Applied Tec	93	1.27%	3	1.29%
USHE Utah State University	688	9.38%	22	9.44%
USHE Utah Valley State College	149	2.03%	18	7.73%
USHE Weber State University	141	1.92%	7	3.00%
Central Ut Pub Health	8	0.11%	1	0.43%
Central Utah Counseling Cntr	15	0.20%		
Commerce	34	0.46%		
Community & Econ Develop	38	0.52%	1	0.43%
Corrections	383	5.22%	12	5.15%
Courts Administration	158	2.15%	8	3.43%
Davis Mntl Hlth	8	0.11%	1	0.43%
Environmental Quality	40	0.55%	5	2.15%
Five County AOG	5	0.07%		
Four Corners Mntl Health	6	0.08%		
Governors Office	5	0.07%		
Health	55	0.75%	3	1.29%
Human Services	483	6.58%	14	6.01%
Industrial Commission	30	0.41%	2	0.86%
Insurance Department	8	0.11%		
National Guard	32	0.44%		
Natural Resources	682	9.30%	21	9.01%
Northeast Cnslng Cntr	9	0.12%	1	0.43%
Public Safety	702	9.57%	9	3.86%
Salt Lake Co Aging Srvs	13	0.18%	1	0.43%
San Juan Cnslng Cntr	8	0.11%		
South West Mental Health	9	0.12%		
Southeast Dist Hlth	9	0.12%		
Southeast Ut Aog	4	0.05%		
Southwest Dist Hlth	10	0.14%	1	0.43%
State Auditor	3	0.04%		
State Treasurer	1	0.01%		
Tax Commission	54	0.74%	2	0.86%
Tooele Mental Health	3	0.04%		
Transportation	1846	25.16%	30	12.88%
Tri-Co Hlth Dept	5	0.07%		
Trust Lands Administration	14	0.19%		
Uintah Basin Assc Of Government	2	0.03%		
Wasatch Mntl Hlth	25	0.34%	1	0.43%
Weber County Mental Health	6	0.08%	2	0.86%
Workforce Services	111	1.51%	6	2.58%
	<u>7336</u>		<u>233</u>	

“Found” Vehicles

A second piece of language arose from a concern expressed during the 2003 General Session that agencies “found” approximately 81 vehicles that were not part of the database.

DFO is designed as a service agency, not an enforcement agency. With only 17 FTEs in the Motor Pool Program there is no room to perform a full time auditing function. Fleet management is dependent on accurate and consistent information from state agencies and institutions. However, if user agencies can not provide reliable data an audit function may be necessary. Rather than increase costs and in recognition that agencies seem to be putting forth a good faith effort to comply with fleet rules, the legislature provided a window of opportunity for agencies to ensure compliance with the approval of the following intent language:

It is the intent of the Legislature that every department of state government and the Utah System of Higher Education (including UCAT) provide written confirmation of fleet size and composition to the Division of Fleet Operations no later than June 30, 2003. It is further the intent of the Legislature that the Division of Fleet Operations reconcile fleet counts to the statewide Fleet Anywhere Database to use as a baseline for future analysis and potential audit of fleet size and composition. (Item 60 - HB 1, 2003 General Session)

This language requires agencies and institutions to reconcile fleet counts with the DFO at the same time as they meet the requirement for a five percent reduction as required in the 2002 Appropriations Act. In the future any increased change in fleet count will be considered a new vehicle.

Furthermore, the “confirmed fleet size” required of each agency will make it easier for legislative committees to make better decisions and will allow staff to provide more accurate data.

We have attached a “final” count (labeled as Attachment Two) from agencies regarding the size of their respective fleets. This will enable legislative auditors, state auditors and Administrative Services internal auditors to consistently monitor the size and composition of the state fleet. Only three state agencies failed to report their final numbers on time as required by the intent language.

*Fleet composition
continues to be an issue*

In preparing this report, the Analyst's concern that few agencies seem to maintain firm oversight on the size and composition of their fleet continues. In the last several years the Legislature invested millions of dollars in developing fleet management tools for the state and with few exceptions these tools seem to be under-utilized. In a time of tight budgets it seems that agencies should carefully consider further reductions or more inexpensive configurations of their fleets as a way to save taxpayer dollars. This should include a reduction in the number of large SUVs and further reliance on pooled vehicles.

The Analyst will continue to monitor fleet issues for a more comprehensive report during the 2004 General Session. The January report will focus on examining the composition of fleet vehicles in the five percent reduction compared to the overall fleet.

**EAC Questions
regarding USHE Fleet**

Several questions were posed to the Utah System of Higher Education in the April Meeting of the Executive Appropriations Committee. Attachment Three provides answers from the USHE Commissioner's Office.

Conclusion and Recommendation

The Analyst believes that state agencies, higher education and the Division of Fleet Operations met the literal mandate of the fleet reduction intent language. However, the spirit of the language considered that the reduction would be met through eliminating “ongoing expenses.”² The table below shows that nearly thirty percent of the vehicles returned were more than ten years old.

Vehicle Age		
Age	Count	% of Total
1993 +	67	29%
1994	1	0%
1995	15	6%
1996	31	13%
1997	46	20%
1998	37	16%
1999	20	9%
2000	6	3%
2001	8	3%
2002	2	1%

If the goal of the reduction was to eliminate normal fleet vehicles, it seems that the goal may not yet be achieved. The Legislature allowed exemptions for “specialty” vehicles so that construction and maintenance efforts would not be impeded. However, many of the vehicles returned will have no impact on daily motor pool sizes.

Returns by Type		
Vehicle Type		% of Total
4x4	40	17%
Sedan (Incl. Patrol)	92	39%
Motorcycle	3	1%
Bus	1	0%
Tractor	2	1%
Van	47	20%
1 Ton Truck	11	5%
Unclassified	37	16%

² Office of the Legislative Fiscal Analyst (January 2003). Annual Budget Recommendation: FY 2004 Division of Fleet Operations. http://www.le.state.ut.us/interim/2003/committeelinks/04BA_CAFisffleet.pdf

*Recommendation:
Target budgets rather
than vehicles*

In the future if the Legislature wants to enforce fleet reduction, the Analyst believes this could be better accomplished through budgetary means than through strict vehicle counts. To spend a great deal of effort determining if a vehicle meets or doesn't meet the requirements for reduction seems to be wasted effort. If future reductions target actual fleet expenditures by agency it will ensure that every agency shares equally in the reduction. An agency that receives a five percent reduction in its fleet budget will have to make reductions across the board and likely will need to restructure their fleet composition. This should lead to a smaller statewide fleet and a more efficient use of resources in individual agencies.

Attachment One

Division of Fleet Operations

Memo

To: Kevin Walthers, LFA
From: Steve Saltzgiver, DFO
CC: Camille Anthony, Dave Fletcher, Margaret Chambers, David Rees
Date: 9/15/2003
Re: 5% fleet reduction final update

In FY 2002 the Executive Appropriations Committee approved intent language to reduce the state fleet by 5%.

“It is the intent of the Legislature that the Division of Fleet Operations work with the agencies to reduce the size of the fleet, except for vehicles for sworn officers, by five percent by the end of FY 2003.”

With the cooperation of each state agency and in accordance with the intent language the state fleet has been reduced by a total of 230 vehicles and is in compliance effective 30 June 2003.

Nov 01 Count	Adjustments & Exemptions ³	Base Count	5% Target Reduction	Total Reductions
7,335	-2,745	4,589	229	-230

Please let me know if you have any additional questions or concerns with this information.

Thanks

³ The intent language allowed exemptions for vehicles assigned to sworn police officers. Additionally, on 17 April 2002 the following exemptions were added and approved by the Legislative Fiscal Analyst's office. a. Exempt: Heavy-Duty vehicles over 1 ton GVWR; b. Exempt: Specialty and Construction type vehicles; c. Exempt: Do-Not-Replace vehicles operated by agencies.

Attachment Two

Final Count

Agency	Original Count	Count Submitted	Certified Count	DFO Comment
Admin Services Daily Pool	183	Yes	183	
Administrative Services	146	Yes	146	
Agriculture	101	Yes	102	waiting for delivery of one
Alcoholic Beverage Control	20	Yes	20	
Area Hlth Ed Cntrs	4		4	
Attorney General	34	Yes	34	
Board Of Education	46		46	
School/Deaf & Blind	30	Yes	30	
Bear River Assc Of Government	1	Yes	1	
Board Of Pardons	6	Yes	6	
USHE Board Of Regents	1	Yes	2	one was being counted with Weber state
USHE College Of Eastern Utah	62	Yes	62	
USHE Dixie College	50	Yes	50	
USHE Salt Lake Community College	116	Yes	117	1 vehicle was mis-classed and was fixed
USHE Snow College	44		44	
USHE Southern Utah University	127	Yes	126	1 vehicle returned to fleet and status change had not happened at snap shot
USHE University Of Utah	470	Yes	466	
USHE Utah College Of Applied Tec	93	Yes	89	
USHE Utah State University	688	Yes	688	
USHE Utah Valley State College	149	Yes	149	
USHE Weber State University	141	Yes	140	see board of regents
Central Ut Pub Health	8	Yes	8	
Central Utah Counseling Cntr	15	Yes	15	
Commerce	34	Yes	34	
Community & Econ Develop	38	Yes	38	
Corrections	383	Yes	390	DOC to provide list of additions to enter in DB and DOC enter trailers into asset
Courts Administration	158	Yes	158	
Davis Mntl Hlth	8	Yes	8	
Environmental Quality	40	Yes	40	
Five County Aog	5	Yes	5	
Four Corners Mntl Health	6	Yes	6	
Governors Office	5	Yes	5	
Health	55	Yes	55	
Human Services	483	Yes	483	
Industrial Commission	30	Yes	30	
Insurance Department	8	Yes	8	
National Guard	32	Yes	32	
Natural Resources	682	Yes	733	See response
Northeast Cnsng Cntr	9	Yes	9	
Public Safety	702	Yes	696	Submitted updated SVR See email dated 7/11/03
Salt Lake Co Aging Svcs	13	Yes	12	1 vehicle returned to fleet and status change had not happened at snap shot
San Juan Cnsng Cntr	8	Yes	8	
South West Mental Health	9		9	Non state agency- they lease vehicles from the central fleet and the count is correct
Southeast Dist Hlth	9	Yes	9	
Southeast Ut Aog	4	Yes	4	
Southwest Dist Hlth	10	Yes	10	
State Auditor	3	Yes	3	
State Treasurer	1	Yes	1	
Tax Commission	54	Yes	54	
Tooele Mental Health	3		3	Non state agency- they lease vehicles from the central fleet and the count is correct
Transportation	1846	Yes	1846	
Tri-Co Hlth Dept	5	Yes	5	
Trust Lands Administration	14	Yes	14	
Uintah Basin Assc Of Government	2	Yes	2	
Wasatch Mntl Hlth	25	Yes	25	
Weber County Mental Health	6	Yes	6	
Workforce Services	111	Yes	111	
	<u>7336</u>		<u>7380</u>	Certified count shows 44 additional vehicles

Attachment Three

From Mark Spencer, USHE Assistant Commissioner: July 14, 2003

Attached are responses to Vehicle Inventory questions raised in Executive Appropriations. Higher Education has been working closely with Fleet staff the last three months to resolve these and other questions.

1. Discrepancies between the 2001 and 2003 count are explained by the fact that existing vehicles were not properly included in the earlier count. Higher education institutions report to the Office of the Commissioner that there was not always clear direction regarding which vehicles should be counted. There seemed to be confusion at various times regarding heavy equipment, sworn officer vehicles, vehicles purchased with federal or other research funds, farm vehicles, and vehicles used on campus which are not licensed for public roads. However, since April 2003, each institution has worked closely with State Fleet staff to reconcile these issues and come to agreement on the appropriate inventory count.
2. During the process described above, it did appear that higher education was "finding" vehicles. As stated above, as institutions came to fully understand exactly which vehicles should be listed, vehicles were added to the inventory. Once there was agreement with State Fleet staff on the appropriate adjusted total, there was also agreement on the assigned 5 percent reduction for each institution, which has been achieved.
3. As higher education institutions began to more closely monitor total vehicle inventory, they have given particular attention to having an accurate and defensible number of 4x4/SUVs. The reduction in the total number of these vehicles is, we believe, consistent with the state emphasis in this direction.
4. Utah Valley State College did not increase vehicles, but rather had a particular challenge reconciling the number of vehicles in two program areas, Aviation and the Utah Fire Academy, which have an unusual mix of private, state, and federal funding. Again, UVSC has worked closely with State Fleet staff to agree on an accurate count.
5. Higher education is anxious to maintain the accurate inventory count achieved during the last three months. The Office of the Commissioner will propose that fleet vehicles be included among topics discussed annually with the Higher Education Appropriate Committee.